

### The Economics of Immigration

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**National Economic Education Delegation** 





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- Quiz!
- Why do people migrate?
- The nature of immigration to the U.S.
- Economics of immigration
- Recent immigration issues



# Immigration Quiz



- What % of the U.S. population are not native-born?
  - 14%
- What % of the world's population are not native-born?
  - 3.6%
- How long has the average undocumented immigrant lived in the United States?
  - A. 3 months
  - **B. 2** years
  - C. 10 years
  - D. 25 years

- 21% of children born to native parents are high-income earners (above the middle class).
- What % of kids born to immigrants are high-income earners?
  - A. **15%**
  - B. 21%
  - C. 28%
  - D. 35%
- In 2021, 8% of Americans lived in poverty. What percent of immigrants lived in poverty?
  - 13%



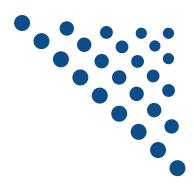
# Immigration Quiz

- Immigrants are responsible for what % of patents in the United States?
  - 36%
    - 23% of inventors on record
    - 13% from increase in native born patenting
- What % of green cards go to family rather than employmentbased immigration?
  - 66% go to family-based

- What % of the U.S. workforce are immigrants?
  - 18%
- Native-born Americans receive \$8k on average in benefits. What is it for immigrants?
  - \$6,000
- 100 years ago, most immigrants were from Europe. Today, Latin America and Asia. Is the rate of assimilation:
  - Faster? Slower? About the same?



# Why Do People Migrate?



#### Push factors:

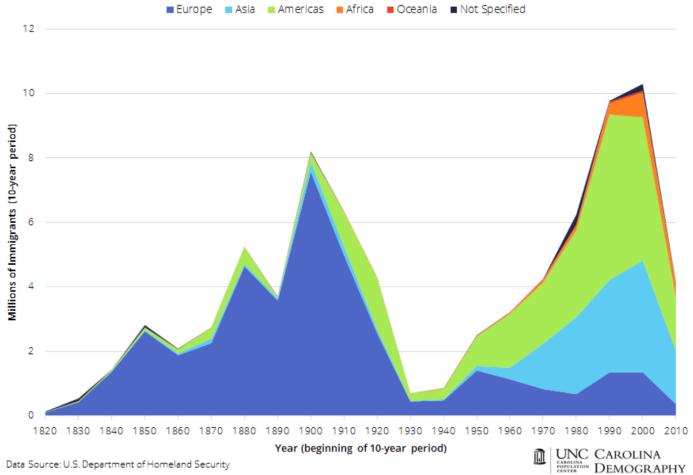
- Disparities in income/standards of living, and the availability of jobs, violence/war, climate change, natural disasters, population pressures, economic dislocation, religious persecution, and denial of political rights.

#### • Pull factors:

- Potential for economic prosperity (higher wages, job opportunities), physical security, political freedom, and religious liberty.



#### Volume of U.S. Immigration & Continent of Origin by Decade, 1820-2013





### History of US Immigration: 2011-2020

Sources (top 10)	2011-2020
Mexico	1,491,000
China	721,000
India	637,000
Philippines	505,000
Dominican Rep.	487,000
Cuba	473,000
Vietnam	334,000
El Salvador	215,000
South Korea	199,000
Jamaica	198,000

Total immigrant inflow, 2011-2020 = 10,125,000

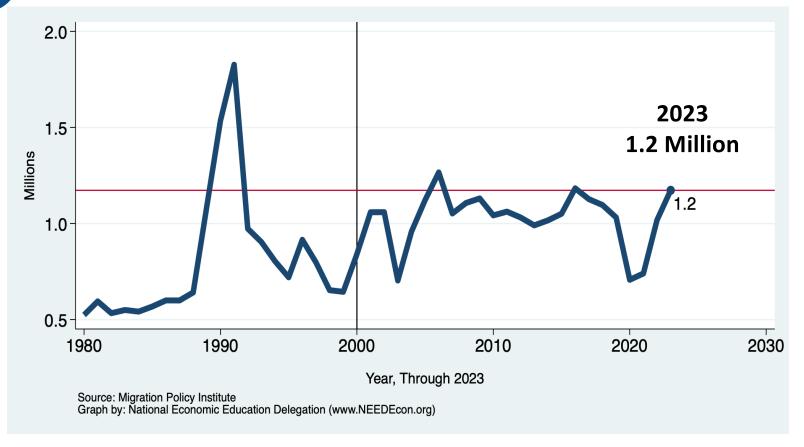
US population growth, 2011-2020 = 22,700,000

Typical year during decade...

- US population increased by 2.27 million (0.74%)
- Native births contributed approx. 1.35 million (0.44%)
- Immigration contributed approx. 920,000 (0.30%)

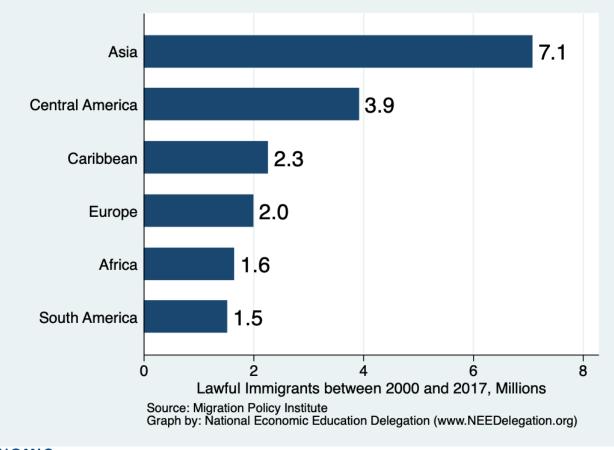


### Recent Trends in <u>Authorized</u> Immigration





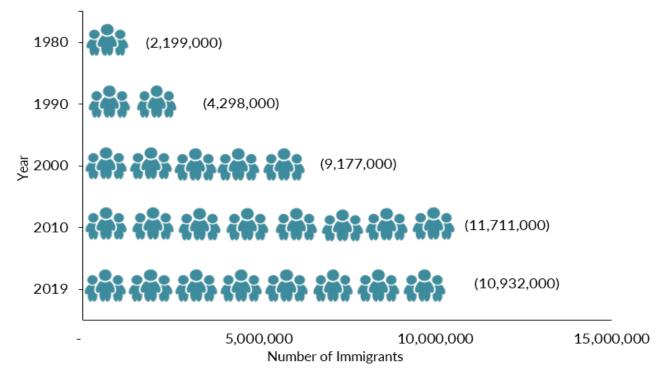
## Authorized Immigration by Region (2000-2022)





# Mexican-Born People in the US





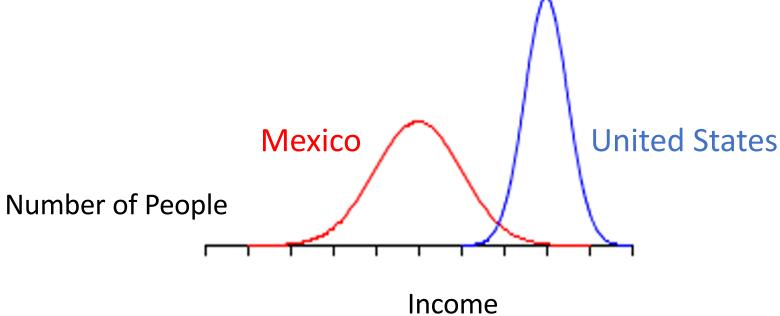
About 11 million in mid-2023 (Latest data)

1 in 14 people born in Mexico currently lives in the US

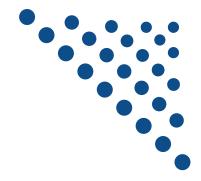


# **Distribution of Income**





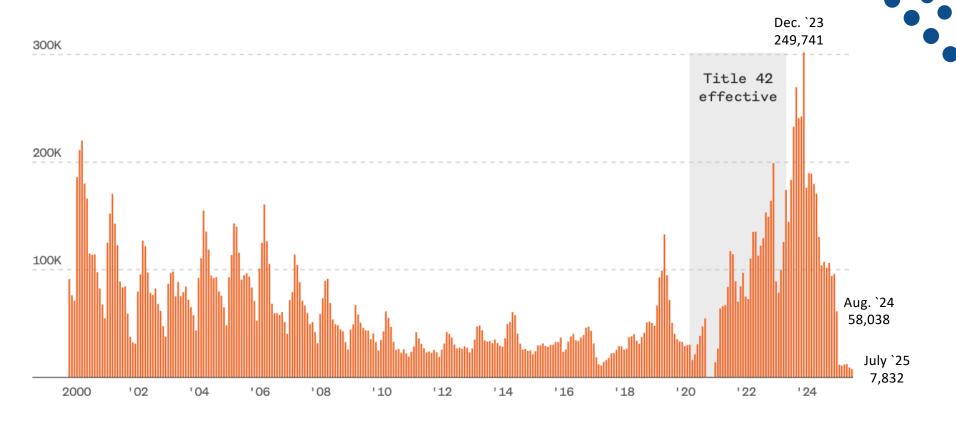




# **UNauthorized Immigration**



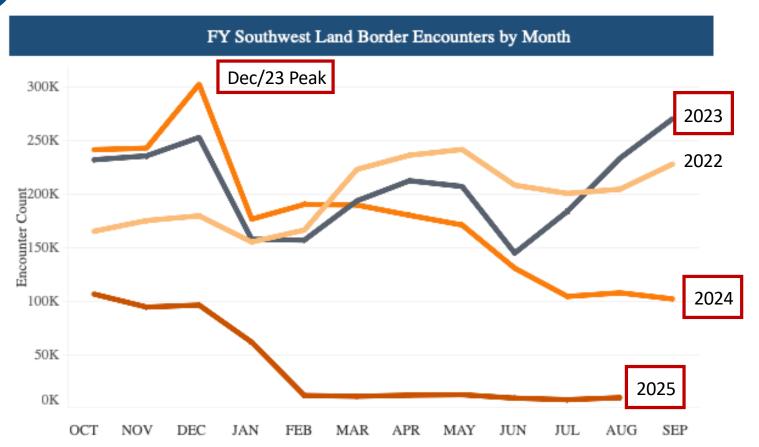
### **Encounters w/Migrants at the U.S.-Mexico Border**





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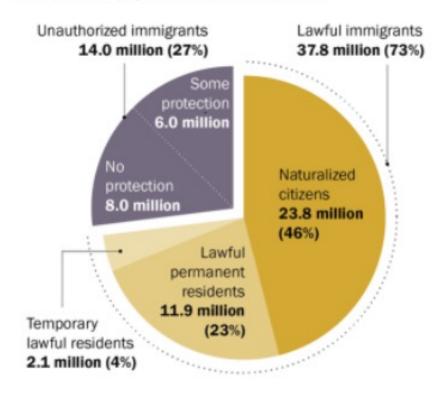
### **Rec**ent Border Encounters





# Unauthorized immigrants were 27% of the U.S. foreign-born population in 2023

Foreign-born population estimates, 2023





Total Foreign-Born (2023) Population: 51.8 million

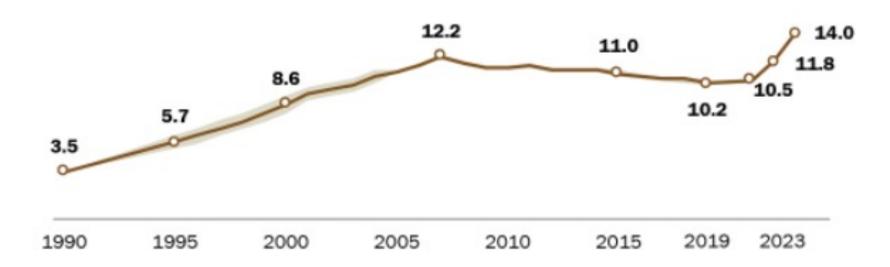
Total Foreign-Born (Aug/25) Population: 48.5 million (This seems too low.)



# U.S.

### Unauthorized Immigration Totals, to 2023

U.S. immigrant population without full legal status, in millions



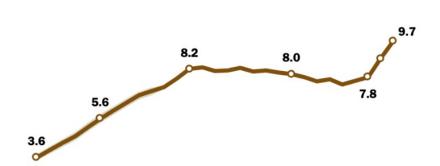




### **Unauthorized Immigration: Labor Force**

The number of unauthorized immigrants in the U.S. workforce grew from 2019 to 2023

Unauthorized immigrants in the U.S. civilian labor force, in millions



1995	2000	2005	2010	2015	2021 2023

5% of labor force 3% of population

Note: The civilian labor force includes those working or looking for work. Shading shows the range of the estimated 90% confidence interval. The data points labeled are 1995, 2000, 2007, 2015, 2021 and 2023.

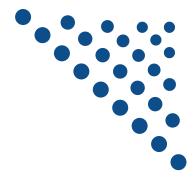
Source: Pew Research Center estimates based on augmented U.S. Census Bureau data (IPUMS).

"U.S. Unauthorized Immigrant Population Reached a Record 14 Million in 2023"

PEW RESEARCH CENTER



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# **Economics**



# Why Do We Care? Economic Implications



- Conventional Wisdom Issues:
  - Labor markets: Wages and Jobs
  - Government Revenue and Spending
  - Crime
- Other issues (that don't get talked about much):
  - Gross Domestic Product (GDP)
  - Innovation and Entrepreneurship



# **GDP:** How Does This Work?



### What determines the size of an economy?

- Physical capital
- Technology/productivity
- The number of workers
  - o Immigration adds to the number of workers.

### Number of immigrants in the labor force is high

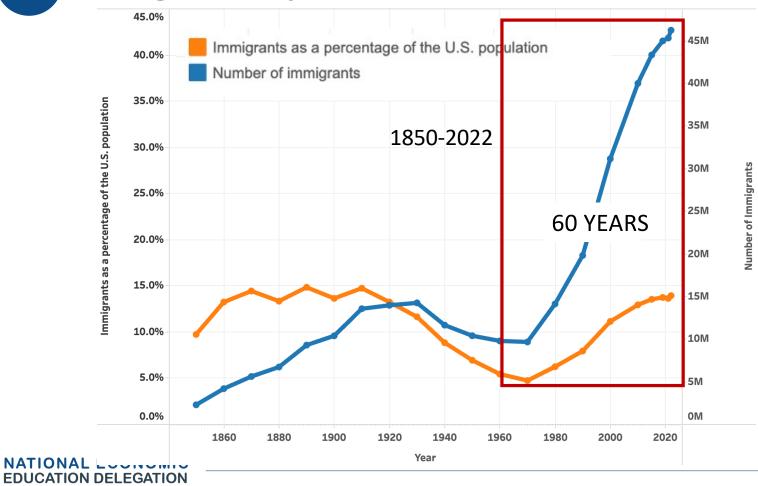
- 32.2 million foreign-born persons ages 16+ in the labor force in Aug/25.
- 18.8% of the total US workforce.

#### Evidence

- Immigrants added 11% to GDP (\$2 trillion) in 2016.



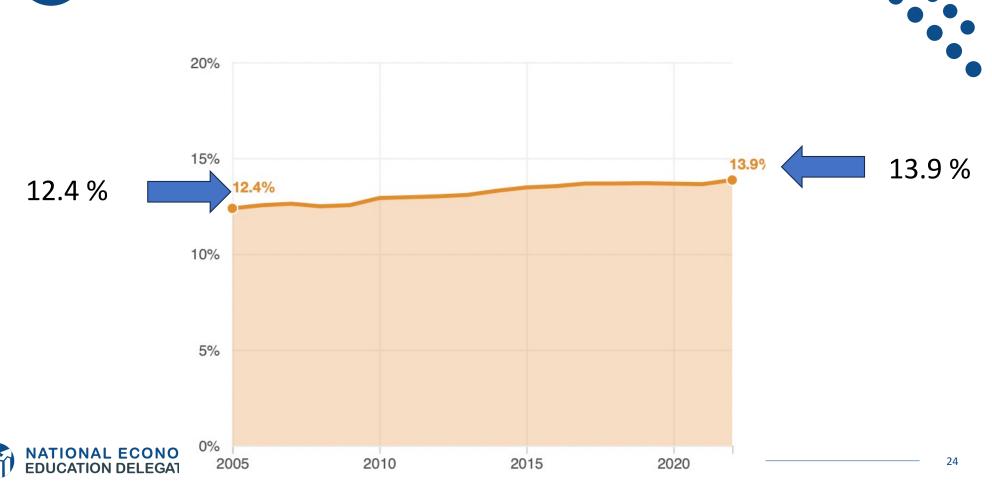
**U.S.** Immigrant Population and Share over Time





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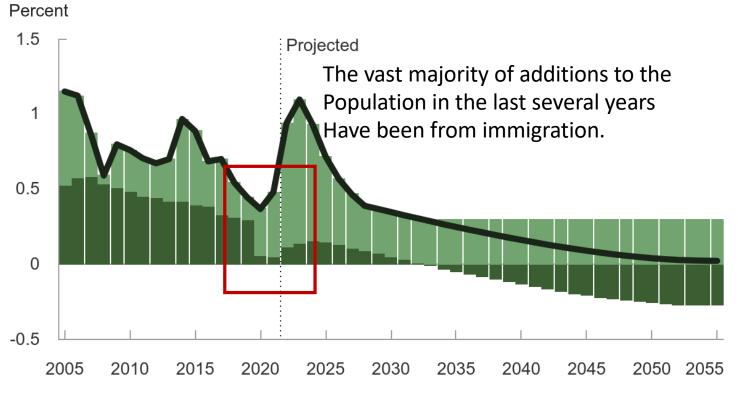




### Is Immigration Saving the Day?

#### **Population Growth and Contributing Factors**







- Population growth Net immigration Births minus deaths

Source: CBO - The Demographic Outlook, 2025-2055

# Jobs: Conventional Wisdom...Upended



#### What is the conventional wisdom?

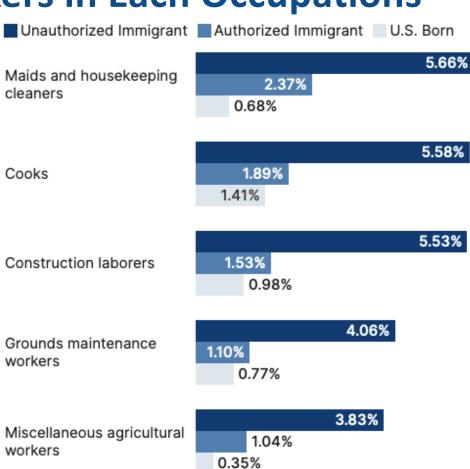
- Low-skilled immigrants come in and take jobs from low-skilled native-born individuals.
  - 1-1 tradeoff.

#### What does new research show?

- Low-skilled immigrants contribute positively to the economy.
  - o Every 100 low-skilled immigrants: create 9 jobs for low-skilled native-born.
  - They create opportunities for low-skilled native-born workers.
- Low-skilled immigrants take jobs that native-born don't want.



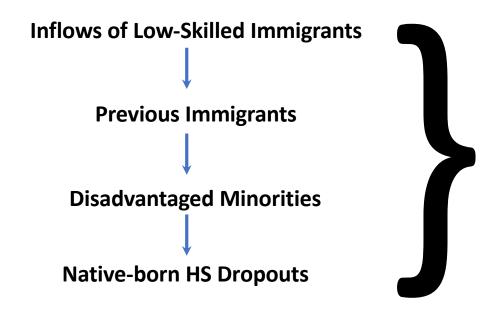
### **Share of Workers in Each Occupations**





### Pathway of Wage and Employment Effects





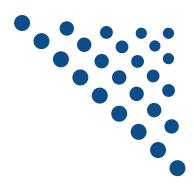
Order of Impact

Impact is negative, But is smaller at each step.

Positive influence on wages and employment of other workers.



# **Skilled Immigrants and Innovation**



- 1% increase in the share of the immigrant college graduate population
  - 9-18% increase in patenting per capita
  - Increased immigration increases patenting by native-born population.

#### • In the 1990s

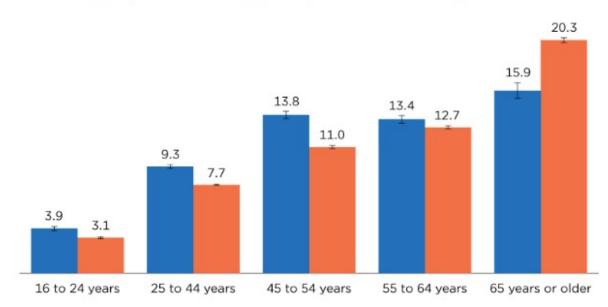
- Increased skilled immigration can account for **one-third of increased patenting** in that decade.
- This translates into a **1.4-2.5% increase in GDP** per capita by the end of the decade.



### **Im**migrants and Entrepreneurship

Share of Self-Employed Workers by Age and Ethnicity: 2023 (In percent)

■ Hispanic or Latino ■ Not Hispanic or Latino I Margin of Error

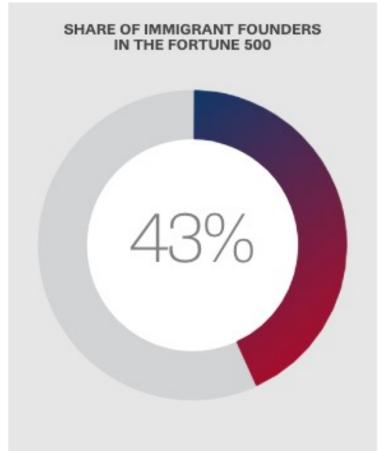


Note: Includes civilian labor force population 16 years and over that worked in the past 12 months. For more information about the American Community Survey (ACS), refer to <www.census.gov/programs-surveys/acs/>. Source: 2023 American Community Survey 1-year estimates.



### Fortune 500: First- and Second-Generation

**Founders** 





**Seven** of the 10 most valuable and recognizable brands in the world were launched by immigrants or children of immigrants.















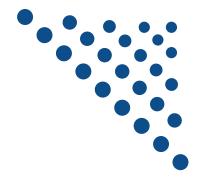












# **Government Revenues and Expenditures**







#### • Basic Question:

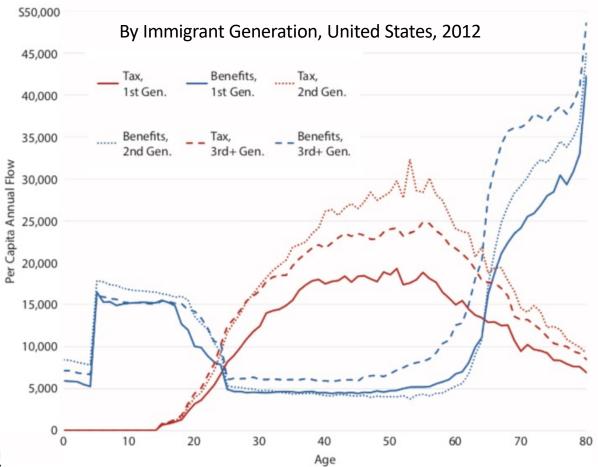
- Taxes (income, sales, and other) immigrants pay vs. government expenditures on public benefits and services they receive.

### More complicated:

- Immigrants also affect the fiscal equation for many native-born residents.
  - Indirectly through labor and capital markets.
  - Changes in wages and the return to capital.



### **Age-Specific Taxes and Benefits**





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# What Do We Know?



### Immigrants who arrive while of working age:

- Are, on average, net contributors.
- 21-year-old with a high school diploma: +\$126,000 over a lifetime
  - o Though this value gradually declines with age at arrival.
  - Turns negative for arrivals of age 35+

### Net contribution crucially depends on characteristics

- Age distribution, family composition, health status, fertility patterns
- Temporary or permanent relocation
- Employment in the legal labor market
- Authorized or unauthorized



## **Bottom Line/Consensus of Estimates**



- Federal level: fiscal impact is generally positive.
- State and local level: typically negative fiscal impact.



## Implications for Major Federal Programs

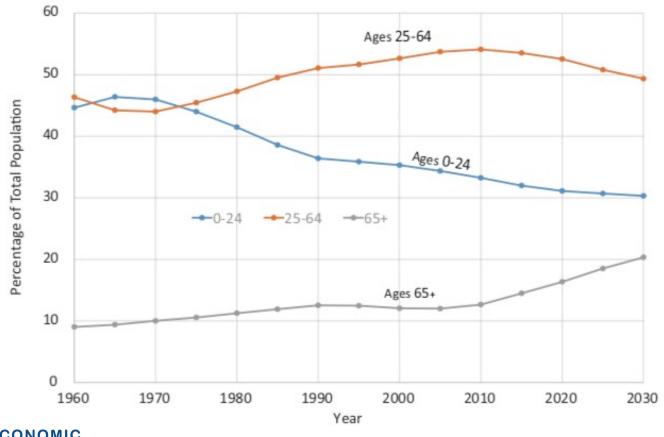


- Documented immigrants are less likely to use Social Security and Medicare.
- Unauthorized immigrants are ineligible.
  - They will pay into the system but cannot receive benefits.
- Medicaid: not available to legal residents for the first five years.
- Provide a source of revenue for an aging population.



## The Aging US Population

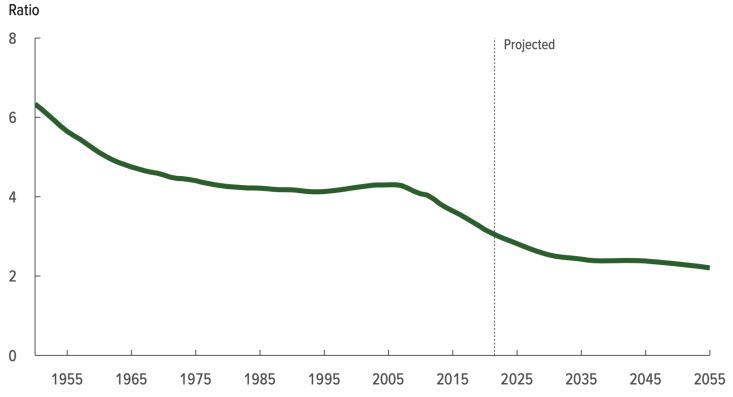






### **Implications for Social Security**

The Population Ages 25 to 64 Relative to the Population Age 65 or Older





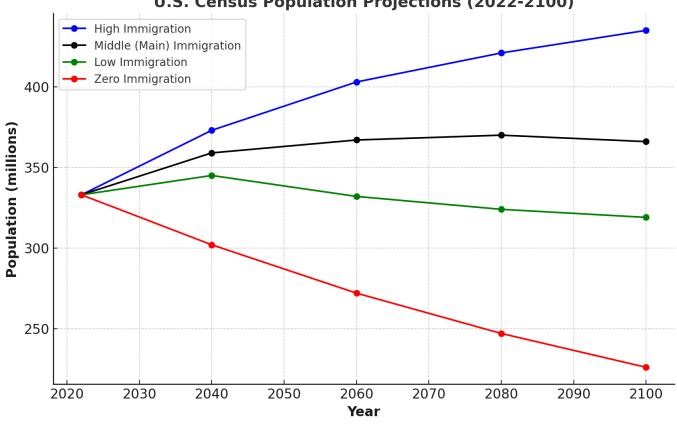
The ratio of people ages 25 to 64 to people age 65 or older will be 2.8 to 1 in 2025, CBO projects. That ratio is projected to decline to 2.2 to 1 by 2055.



Source: Blau & Mackie (2017).

### Is Immigration Saving the Day?







## Non - Economic Implications

### **Patterns of Integration**

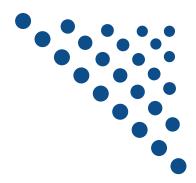
- Education
- Employment and Earnings
- Occupations
- Poverty

- Residential Integration
- Language
- Health
- Family Patterns

### The Big Misconception: Crime



## Immigrants and Crime Rates



### Conventional wisdom:

- Immigrants commit crimes more frequently than do native-born residents.
- Rising immigration leads to rising crime.

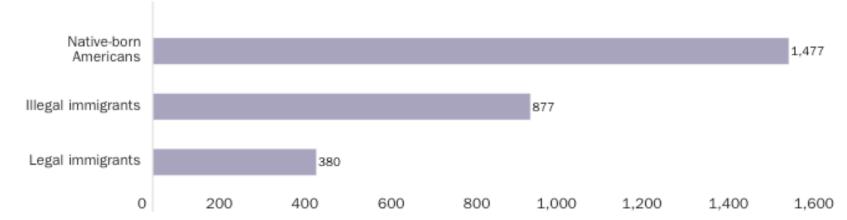
### Let's Have a Look!



### Incarceration by Immigration Status, 2018



#### Incarceration rates by immigration status, ages 18-54

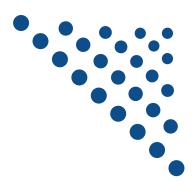


Source: Authors' analysis of the American Community Survey data.

Note: Rates are per 100,000 residents in each subpopulation.



## Immigrants and Crime Rates



#### Conventional wisdom:

- Immigrants commit crimes more frequently than do native-born residents.
- Rising immigration leads to rising crime.

### What do the data say?

- Rates of incarceration are lower for the foreign born than US born.
- Neighborhoods with more immigrants have lower crime rates.
- There is no evidence that deporting noncitizen immigrants affects crime rates.



# Summary

- United
- Immigration can be thought of as increasing the population of the United States.
  - But they are a select group.
- This brings economic growth and opportunity, just as does increasing the native-born population.
  - But not crime.
- Including unauthorized immigrants, the supply of low-skilled workers is increased.
  - This lowers the wages of low-skilled workers.
  - But also increases labor force participation among highly skilled workers.



## At the Same Time....



### Immigrants are often a select group:

- Willing to incur an enormous personal or familial cost to better their lives.

#### As a result:

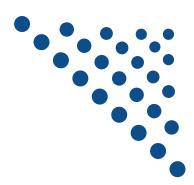
- Immigrants tend to be entrepreneurial and to add significantly to economic growth.

### Although there are distributional issues:

- Immigration is an important contributor to economic growth.
- Immigration helps to sustain vital government programs.



## **About Conventional Wisdom**



### Native-born unskilled workers

- There is some negative impact on their wages.
- But who wins and loses depend on the skill mix of immigrants;
  - when this skill mix changes, so do its effects.

#### Crime

- Immigrants, both authorized and unauthorized, commit crimes at much lower rates than do native-born residents.

### Government programs

- **Federal**: immigrants are a source of revenue and stability for some important programs.
- **State and local**: because education is funded at the local level, this can be a drain on local government coffers.



## **Recent Immigration Issues**



- The Northern Triangle
- Mass Deportations
- H1B Visas





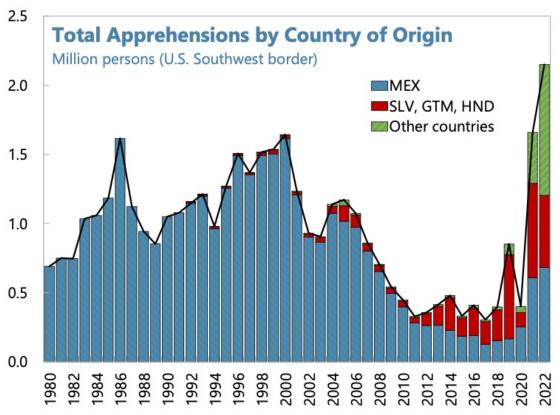
## The Northern Triangle





### Northern Triangle Apprehensions

(Northern Triangle Countries in Red)

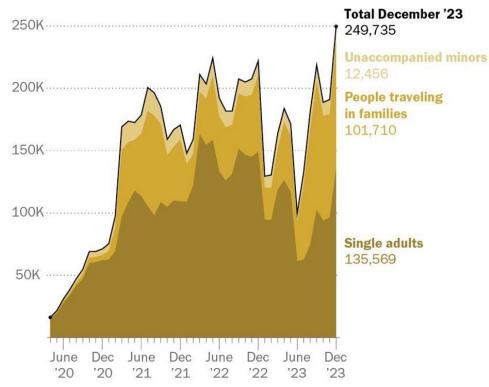






### **Growing #s of People Traveling in Families**

Monthly migrant encounters by U.S. Border Patrol at U.S.-Mexico border involving ...





# Migrants in ICE Detention



Data current through Sept. 11, 2025

# 58,381

29.4% with criminal convictions

45.8% listed as "other immigration violator"

25.5% with pending criminal charges

11.1% fast-tracked for deportation

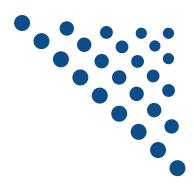


# **Mass Deportations**

- Immigrants work different jobs than do native-born workers.
- Immigrants contribute to the local economy.
  - GDP losses of up to \$1.7 trillion annually.
- Immigrants keep prices low: in particular, food!
- Deportations impact tax revenues.
  - \$1,300 more in on average than out, annually.
  - Unauthorized immigrants: \$22.6 billion in social security and \$5.7 billion in Medicare payments.
- Deportations are expensive (\$13,000 each).
  - Total cost \$315 billion.
- They rob people of their dignity.







### What are they?

- Visas for immigrants with specialized labor:
  - o 65,000 per year.
- Visas for immigrants with a master's degree from a U.S. university:
  - o 20,000 per year.

### Details

- They are valid for 3 years, with extension possible up to 6 years.
- There is almost always more demand for visas than there is supply.
  - o Lottery is then used to allocate the visas.







#### Pros

- Companies have an easier time finding appropriate workers.
- Immigrants are sometimes complementary to U.S. workers.
  - Creating job opportunities for U.S. workers.
- Immigrants spend in the U.S., stimulating the economy.

#### Cons

- Immigrant H1B holders sometimes take jobs from skilled American workers.
- Overall: the program expands the number of immigrants that are here in an authorized way. This may be helpful to the economy.



### H1B Visas: \$100,000 fee? (Was: \$2,000 to \$5,000)



#### Pros

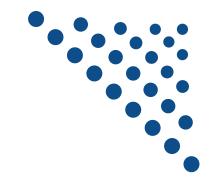
- Perhaps less use of H1B visas to exploit foreign workers.
  - May benefit U.S. workers.
- Prioritized the highest-skilled immigrants.
- Source of funds for immigration services.

#### Cons

- Many fewer applications, which will lower U.S. economic activity.
  - o Inaccessible to many small businesses.
- Economic disruption.
- Overall: That depends.







## **Any Questions?**

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